

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 STR-04 EB-08 TRSE-00 L-03
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DRAFTED BY COM/BEWT/OEWCA/EEAD/JBURGESS/SS
APPROVED BY EUR/EE:NGANDREWS
COM/BEWT/OEWCA/EEAD/RSEVERANCE
COM/BEWT/OEWCA/AJENKENS
STR/ELAPP (SUBS-PARA 3)
STATE/EB/EWT/HCLARKE
STATE/EUR/EE/SFROMOWITZ
-----098660 040831Z /12
R 030303Z SEP 77
FM SECSTATE WASHDC
TO AMEMBASSY BUCHAREST

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E.O. 11652: N/A

AGS : BEXP, EEW, RO

SUBJECT: DRAFT AGENDA FOR FOURTH SESSION OF JOINT
ECONOMIC COMMISSION

REFS: (A) BUCH 6302 (B) STATE 203353 (C) STATE 203351
(D) BUCH 6201

1. PER PARA 4 REF (C) SECOND INTERAGENCY MEETING HELD ON
AFTERNOON OF AUGUST 29 FOLLOWED BY BEWT MEETING WITH GOR
EMBASSY OFFICIALS FODOR AND CORA. DRAFT AGENDA AND
EXPLANATION OF AGENDA TOPICS PER REF (B) WERE GIVEN TO
FODOR TO HAND CARRY TO BUCHAREST THIS WEEK.

2. INTERAGENCY GROUP AGREED TO PRESENT DRAFT AGENDA TO
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GOR AS OUTLINED IN REF (B). GROUP CHOSE NOT REPEAT NOT TO
INCLUDE BLACK SEA - DANUBE RIVER CANAL AS SUB-ITEM UNDER
I.I.C. AS EMBASSY HAD REQUESTED IN PARA 1, REF (A). AGENCIES
PRESENT, AND PARTICULARLY STATE REPS, FELT THAT HISTORICAL
BACKGROUND OF THIS PROJECT AND THE STRONG FEELINGS THAT
DISCUSSION OF IT AT A GOVERNMENTAL MEETING MIGHT AROUSE
ARGUED STRONGLY IN FAVOR OF LEAVING THE PROJECT OFF

COMMISSION AGENDA. WE ARE NOT SUGGESTING THAT U.S. FIRMS

SHOULD NOT ATTEMPT TO GET INVOLVED IN THIS PROJECT OR THAT WE WILL NOT HELP THEM TO DO SO. WE SIMPLY FEEL THAT ELEVATION OF THIS PROJECT WITH ITS INFAMOUS HISTORY TO STATUS OF AN AGENDA TOPIC HAS POTENTIAL TO CAUSE MORE HARM THAN GOOD.

3. PER PARA 5, REF (A) SECTION 405 (B) OF THE TRADE ACT REQUIRES THAT IN ORDER TO RENEW A BILATERAL COMMERCIAL AGREEMENT PROVIDING NONDISCRIMINATORY TREATMENT BEYOND ITS ORIGINAL TERM, A "SATISFACTORY BALANCE OF CONCESSIONS IN TRADE AND SERVICES MUST HAVE BEEN MAINTAINED DURING THE LIFE OF THE AGREEMENT" AND THE PRESIDENT MUST DETERMINE THAT "ACTUAL OR FORESEEABLE REDUCTIONS IN U.S. TARIFFS AND NONTARIFF BARRIERS TO TRADE RESULTING FROM MULTILATERAL NEGOTIATIONS ARE SATISFACTORILY RECIPROCATED BY THE OTHER PARTY TO THE BILATERAL AGREEMENT." WHILE THIS LEGISLATIVE REQUIREMENT WILL BE A MAJOR TOPIC AT THIS FALL'S MEETING IN GENEVA, WE ALSO WISH TO RAISE IT WITHIN COMMISSION CONTEXT SO THAT GOR WILL FULLY UNDERSTAND OUR POSITION AND SO AS TO SEEK ROMANIAN IDEAS ON RECIPROCITY.

4. BEWT OFFICERS REVIEWED PROPOSED AGENDA POINT-BY-POINT WITH FODOR AND CORA. IN ATTEMPT TO ASSIST EMBASSY IN LIMITED OFFICIAL USE

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ANTICIPATING POSSIBLE GOR REACTIONS AND OBJECTIONS AT SEPTEMBER 12 MEETING WE ARE SETTING OUT MAJOR POINTS MADE BY FODOR AND CORA.

I.A. -- FODOR FELT GOR WOULD PREFER THIS ITEM TO READ "LONG-TERM TRADE STRATEGY" AND TO INCLUDE U.S. ECONOMIC AND FOREIGN TRADE FORECASTING AS WELL AS ROMANIAN STRATEGY. SIMILARLY, ITEM I.A.1. SHOULD BE WORDED, HE FELT, SO AS TO REFER TO BOTH U.S. AND ROMANIAN STRATEGIES IN THE BROAD CONTEXT AND NOT FOCUS SPECIFICALLY ON AREAS SUCH AS HARD CURRENCY TRADE. FODOR ALSO NOTED PROBLEM HE FELT GOR WOULD HAVE WITH USE OF THE WORD "POLICY". HE FELT THE WORD "STRATEGY" WOULD BE MUCH MORE ACCEPTABLE IN THIS CONTEXT. WE STRESSED OUR INTEREST IN KNOWING MORE ABOUT GOR TRADE STRATEGY AND PRACTICE IN COMMERCIAL RELATIONS WITH WESTERN COUNTRIES AND JAPAN, AS WELL AS LDC'S AND SOCIALIST COUNTRIES.

I. A. 2 -- DESPITE OUR EXPLANATION OF THIS AS TOPIC INCLUDING FACTORS THAT AFFECT A CHANGE IN COMMODITY STRUCTURE FODOR HAD TROUBLE VIEWING IT THIS WAY AND HE

ANTICIPATED GOR DESIRE TO BREAK DOWN THIS ITEM INTO SUB-HEADINGS INCLUDING "LEGAL OBSTACLES" "STEPS TO BE TAKEN", "NON-TARIFF BARRIERS AND PRACTICES", "TRADE PROMOTION", ETC.

I.B. 1 AND 2. -- ROMANIANS UNDERSTOOD ITEM 1 AS OPPORTUNITY FOR THEM TO RAISE THE MFN MULTI-YEAR WAIVER EXTENSION ISSUE. NOTWITHSTANDING OUR EXPLANATION, THE MTN RECIPROCITY WAS NOT UNDERSTOOD CLEARLY BY FODOR OR CORA.

I.C. -- FODOR AND CORA RESISTED BUT FINALLY WENT ALONG WITH OUR DESIRE TO EXCLUDE A REVIEW OF EXPORT CONTROL CASES WITHIN COMMISSION CONTEXT. WE DID ASSURE FODOR LIMITED OFFICIAL USE

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THAT WE WOULD BE READY TO DISCUSS SPECIFIC CASES THEY WISHED TO REVIEW IN A SEPARATE MEETING OUTSIDE OF COMMISSION SESSION. WE ALSO STRESSED IMPORTANCE OF RECEIVING LIST OF SUCH CASES AND CASE NUMBERS WELL IN ADVANCE OF THE MEETING.

I.D. 3. -- ROMANIANS WERE PUZZLED BY OUR INTEREST IN THIS TOPIC, ALTHOUGH NOT PARTICULARLY RESISTENT TO ITS INCLUSION IN AGENDA. WE EMPHASIZED THAT SUCH INFORMATION WOULD HELP EXIMBANK CARRY OUT ITS PROGRAMS MORE EFFICIENTLY AND WOULD ASSIST US IN ADVISING U.S. FIRMS.

I.E. -- AGAIN FODOR SAW NEED FOR TWO-WAY EXCHANGE OF VIEWS ON COUNTERTRADE AND BUY-BACKS AND THUS DELETION OF WORD "ROMANIAN" FROM HEADING. WE EMPHASIZED THAT SINCE USG DID NOT HAVE POLICY ON COUNTERTRADE AND BUY-BACKS, VIEWS WHICH WERE EXPRESSED WOULD BE THOSE EXPRESSED BY U.S. FIRMS ABOUT SUCH POLICIES AND PRACTICES IN U.S.-ROMANIAN TRADE. WE STRUCK THEME FOR THIS TOPIC WITH QUESTION TO FODOR -- "HOW IMPORTANT ARE COUNTERTRADE AND BUY-BACKS TO DOING BUSINESS IN ROMANIA?"

I.F. -- BOTH FODOR AND CORA DID NOT UNDERSTAND WHY THIS WAS TO BE INCLUDED ON AGENDA, STATING THAT IF IT WAS A PROBLEM IT COULD BE DISCUSSED BY THE CO-CHAIRMAN OR OTHER U.S. AND ROMANIAN OFFICIALS IN MUCH THE SAME WAY THAT WE WANTED TO DISCUSS THE EXPORT CONTROL CASES. FODOR FELT THAT GOR WOULD STRONGLY RESIST INCLUSION OF THIS ITEM AGENDA. WE CITED HISTORY OF PROPERTY CLAIM DISCUSSIONS, PARTICULARLY PATAN - MORTON TALKS OF TWO YEARS AGO, AND EXPRESSED VIEW THAT LACK OF PROGRESS ON THIS ISSUE AND ITS IMPACT ON GSP IN U.S.-ROMANIAN

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COMMERCIAL RELATIONS MADE IT NECESSARY FOR US TO INCLUDE THIS ON AGENDA. WHILE STILL RESISTENT FODOR WAS RELIEVED THAT WE DID NOT INTEND TO RAISE INDIVIDUAL PROPERTY CLAIMS UNDER THIS TOPIC IN THE COMMISSION SESSION.

II. A AND B -- IN RESPONSE TO OUR EFFORTS TO GET MORE SPECIFIC ON COOPERATION THEMES, FODOR HINTED AT HIS FRUSTRATION IN DEFINING AND PROMOTING GOR CONCEPT OF COOPERATION AND SHOWED CERTAIN LACK OF REVERANCE FOR PILLAR (IN THEORY) OF ROMANIAN FOREIGN TRADE SYSTEM. HE SEEMED PESSIMISTIC ON HOW MUCH HARD INFORMATION WE WOULD GET FROM GOR ON SUB-TOPICS UNDER A. BUT LIKED THE IDEA OF TRYING TO FIND SOLUTIONS TO PROBLEMS IN AREA OF COOPERATION.

II.C. -- FODOR FELT GOR WOULD BE WILLING TO DISCUSS THE PROJECTS LISTED BUT WOULD PROBABLY REJECT IDEA OF HAVING THEM LISTED AS AGENDA ITEMS.

II.D. -- REGARDING THIRD COUNTRY COOPERATION AND ELECTRONICS JOINT CONSULTATIVE WORKING GROUPS, FODOR EXPRESSED VIEW THAT BOTH SIDES HAD DONE NOTHING TO CARRY OUT COMMITMENT MADE AT LAST COMMISSION REGARDING THEM. WE REJECTED THAT ASSERTION AND REPEATED THAT BALL WAS CLEARLY IN GOR'S COURT TO COME UP WITH ACCEPTABLE PROPOSALS FOR THESE WORKING GROUPS WHICH WE WOULD THEN HELP FACILITATE.

III.A. -- ROMANIANS REACTION TO OUR REFERENCE TO LEGAL LIMITATIONS (I.E. GOR STATE SECRETS LAW) WAS NOT AS NEGATIVE AS WE MIGHT HAVE EXPECTED. BASIC POSITION WAS THAT STATE SECRETS LAW WOULD PROVIDE LITTLE GUIDANCE ON WHAT IS CONTROLLED INFORMATION. FODOR'S INTEREST FOCUSED ON ACTUAL DATA AND INFORMATION EXCHANGE AND WE POINTED OUT THAT WE WOULD BE PROVIDING A LIST OF WHAT WE LIMITED OFFICIAL USE

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SEE AS BASIC ECONOMIC/COMMERCIAL INFORMATION AND DATA WHICH IS NOT CURRENTLY AVAILABLE.

III.C. -- LIST OF SUB-TOPICS HERE WAS FAMILIAR TO FODOR. HE DID PRESS US ON C.2. AND WE RESPONDED THAT IMPACT OF DECREE NUMBER 81 AND ABILITY OF LOCAL EMPLOYEES TO GET VISAS FOR TRAVEL OUTSIDE ROMANIA WERE OF MAJOR CONCERN

TO US. LACK OF SPECIFIC CASES TO CITE IN C.3. BOTHERED
FODOR, BUT WE PRESSED FOR IMPROVEMENT IN GENERAL ACCESS
OF U.S. FIRMS TO ROMANIAN ENTERPRISES AND END-USERS.
REGARDING C.4. FODOR AGREED WITH NEED FOR ACCELERAD

NEGOTIATIONS BUT EMPHASIZED THAT MUCH TIME WAS LOST
ARGUING OVER UNREALISTIC PRICES OFFERED BY U.S. FIRMS.
FODOR DID LIKE POINT WE MADE ABOUT BETTER AND MORE
TIMELY NEGOTIATIONS.

IN SUM, FODOR'S MAJOR COMPLAINTS ABOUT U.S. DRAFT AGENDA
CENTERED ON NEED FOR MORE RECIPROCITY IN APPROACHING
AGENDA TOPICS AND THOSE ITEMS WHICH HE FELT GOR WOULD
REFUSE TO AGREE UPON AS AGENDA ITEMS. ALSO, HE SOUGHT
HARD TO AVOID USE OF WORD "POLICY" IN AGENDA.

WHILE WE DISCUSSED THESE TOPICS FULLY WITH ROMANIANS AND
IN CERTAIN INSTANCES GAVE OUR OWN OPINIONS AS TO WHETHER
THE U.S. SIDE MIGHT BE AMENABLE TO CHANGES IN THE AGENDA,
WE MADE NO COMMITMENT TO CHANGE OR MODIFY THE PROPOSED
DRAFT. WE STRESSED TO FODOR THAT ROMANIAN REACTION TO
PROPOSED AGENDA AND ANY GOR PROPOSALS TO MODIFY IT SHOULD
COME IN THE FORM OF A ROMANIAN COUNTER-DRAFT AGENDA.

5. WE ARE STILL DISCUSSING WAYS IN WHICH AGREED MINUTE
PROCESS MIGHT BE MODIFIED. WILL INFORM EMBASSY OF ANY
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SPECIFIC PROPOSALS BY SEPTL NEXT WEEK. CHRISTOHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, COMMITTEE MEETINGS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE211954
Document Source: CORE
Document Unique ID: 00
Drafter: BEWT/OEWCA/EEAD/JBURGESS/SS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770321-0217
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770998/aaaadexv.tel
Line Count: 257
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c33dfb4d-c288-dd11-92da-001cc4696bcc
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BUCHAREST 6302, 77 STATE 203353, 77 STATE 203351, 77 BUCHAREST 6201
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1389361
Secure: OPEN
Status: NATIVE
Subject: DRAFT AGENDA FOR FOURTH SESSION OF JOINT ECONOMIC COMMISSION
TAGS: BEXP, EEWT, RO
To: BUCHAREST
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c33dfb4d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009